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COUNTRY China

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SUBJECT Replacement of Salaries in Kind by Monetary
Payment for Chinese Communist Officials

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1. The Committee of Finance and Economics in Peiping has decided that Chinese Communist administrative personnel from 1 April 1951 shall be given monetary payments in lieu of receiving their salaries in kind. The Committee has issued the following instructions to the various major administrative regions:
 - a. The living allowance for all administrative personnel throughout the country (with certain exceptions in a few special regions) shall for the time being be placed on a monetary basis. This will be done to simplify the procedure in handling rations-in-kind; to reduce the personnel, materials and funds required in making payments-in-kind; and to increase the financial administration of the state.
 - b. The principles governing the application of this decree are (a) not to increase cost to the state, and (b) to guarantee the pay rates existing under the ration system.
 - c. Rations-in-kind previously granted to all administrative personnel on the ration list shall be suspended as of 1 April 1951.
 - d. Monetary payments in lieu of rations-in-kind shall include only the living allowance now granted to each person, i.e., money for vegetables, fuel and general subsistence, for clothing, and for "festive occasions".
 - e. Monetary payments shall be based on the ration standard of 1950. The daily basic unit for each person will be calculated on the basis of the rations-in-kind to which he was entitled for that year. This basic unit (not including the rice ration which shall continue to be paid in kind) will be known as a ration point.*** This ration point will be converted into Jen Min Piao according to the price of daily necessities (including edible oil, salt, firewood, pork, cloth, rice and cigarettes) existing on the 15th of each month, and will be paid to individuals for use as they desire.

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- 2 -

- f. Commodities on the ration list prior to 1 April 1951, with the exception of a few still retained on the list, shall be made available only in accordance with the above provisions.
2. Chinese Communist administrative personnel were formerly paid on two different systems. Those on a salary system were former Kuomintang employees retained by the Communists, plus a few technicians. Those on the ration system, which included the bulk of government employees, did not receive any salary but were paid in kind with various daily necessities in quantities depending upon the individual's position and responsibilities. In practice, the approximate monthly payment varied between 100 and 150 catties of rice.
 3. When the above decree becomes effective, all those on the ration system will receive all their salaries in JMP, with the exception of rice, which will still be furnished on the ration system. This monetary payment will result in compensation much lower than that of persons originally on the salary system; each person will receive only enough money to cover the cost of his food and clothing, leaving only a small sum for other necessary expenses.
 4. All officers and men of the Chinese Communist Army will continue on the ration system and this decree does not apply to them. In 1950 the total amount of commodities in kind paid to the Chinese Communist Army averaged 1550 catties of rice per person.

25X1

- * [] Comment. The primary reason for changing from a ration system to monetary payment was to reduce the drain on government-held commodity supplies, which are now needed to meet increasing military requirements.

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- ** [] Comment. According to later information from [] the value of the ration point, originally equivalent to HK \$ 1, had risen to the equivalent of HK \$ 1.90 by 6 April 1951.

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